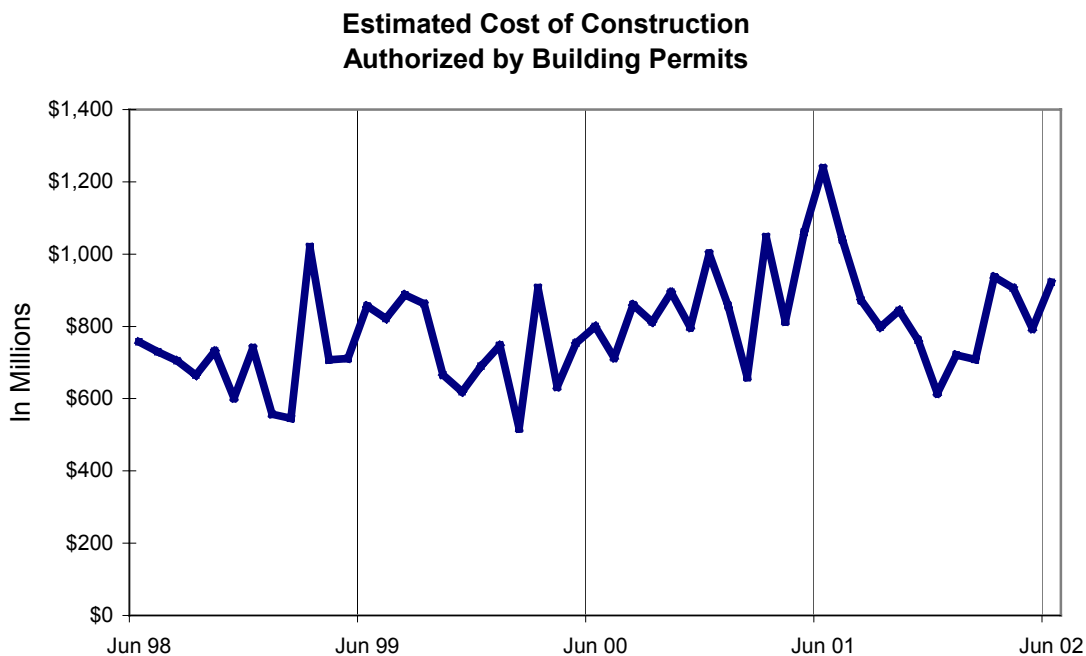


## JUNE 2002 HIGHLIGHTS

The estimated cost of construction authorized by building permits in June was \$922.2 million. Residential uses accounted for \$437 million (47.1 percent). Nonresidential construction totaled to \$488.2 million (52.9 percent); 498 municipalities reported. Compared to June 2001, construction activity declined by more than \$300 million. However, some exceptionally large projects broke ground last year, like the Goldman Sachs office tower and Liberty Towers, two twin apartment buildings. All three structures are on Hudson Street in Jersey City, Hudson County and the initial permits for them were issued last June.



For June 2002, the municipality with the most work is another Hudson County locality, North Bergen Township, with \$152.3 million. Most of this activity (\$150 million) will be to excavate and build a light-rail facility for New Jersey Transit. The City of Newark in Essex County reported \$51.3 million in construction for the month of June. Nearly \$12 million was for new housing or repairs to existing dwellings. Newark issued building permits for 160 new houses in June, more than any other locality; and for the first half of 2002, had 556 authorized dwellings, also tops among localities. In addition to residential construction, the City authorized work for a new office complex with a parking deck for the New Jersey Institute of Technology. The estimated construction cost of the 167,000-square-foot complex is nearly \$31.2 million.

## Mid-Year Review

All major construction indicators, save new retail space, are down compared to the strong performance for the first six months of last year. The amount of work authorized by building permits between January and June 2002 is estimated at \$5.5 billion. This is \$627 million less than last year, a decline of about 10 percent. New houses are down by 1,808 units (10.7 percent) and the amount of new office space is nearly 5.1 million square feet below the record level set last year. New retail space, however, is up by more than 1 million square feet compared to the first half of 2001.

<b>Major Construction Indicators, New Jersey: Six-Month Comparison</b>				
<b>Period</b>	<b>Estimated Cost of Construction</b>	<b>Authorized Housing Units</b>	<b>Authorized Office Space (square feet)</b>	<b>Authorized Retail Space (square feet)</b>
January – June '97	\$3,926,007,970	12,824	3,527,402	2,622,495
January – June '98	\$4,121,149,094	15,139	4,780,300	4,128,120
January – June '99	\$4,994,367,961	16,809	5,254,870	3,596,066
January – June '00	\$4,798,965,724	16,849	5,972,159	2,233,888
January – June '01	\$6,157,204,386	16,834	9,771,589	3,244,421
January – June '02	\$5,530,176,347	15,026	4,717,733	4,255,238
<i>Difference Between 2001 and 2002</i>				
2001-2002	(\$627,028,039)	(1,808)	(5,053,856)	1,010,817
Percent Change	-10.2%	-10.7%	-51.7%	31.2%
Source: N.J. Department of Community Affairs, 8/8/02				

Much of the construction in New Jersey is occurring in its cities. For the first six months of 2002, the top municipality was North Bergen, which issued building permits for construction with an estimated cost of \$157.8 million. Most of this, as mentioned, was for a new light-rail facility. Four cities are among the leaders with the most activity: Newark (\$155.9 million), Jersey City (\$152.2 million), Atlantic City in Atlantic County (\$107.1 million), and the City of Hoboken in Hudson County (\$76.2 million).

## The Cost of a New House

The cost of a new house continues to rise, according to a list of the new homes that were built, occupied, and began enrollment in a new home warranty program in the second quarter of 2002. Most new houses are required to be insured by a new home warranty program. The exceptions are rental dwellings and houses built by homeowners who acted as their own contractor.

Between April 1 and June 30 of this year, 5,361 new houses began enrollment. Half of these houses had a sales price greater than \$269,900. This was a 7.5-percent increase compared to the previous quarter.

New House Prices			
Period	Number of New Houses	Median Sales Price	Percent Change in Sales Price
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
1 <sup>st</sup> Quarter 2001	4,262	\$242,900	3.0%
2 <sup>nd</sup> Quarter 2001	5,039	\$248,750	2.4%
3 <sup>rd</sup> Quarter 2001	5,497	\$256,990	3.3%
4 <sup>th</sup> Quarter 2001	4,533	\$260,747	1.5%
1 <sup>st</sup> Quarter 2002	4,632	\$251,056	-3.7%
2 <sup>nd</sup> Quarter 2002	5,361	\$269,900	7.5%
Source: N.J. Department of Community Affairs, 8/8/02			

Hunterdon County had the most expensive houses. Of the 125 units that began enrollment in a new home warranty program in the second quarter of 2002, half cost more than \$448,505. Other counties with high median sales prices for this period were Bergen (\$427,500), Somerset (\$426,444), and Morris (\$402,750). Ocean County had the most new houses (606 units). The central New Jersey county ranked near the middle of the pack (13<sup>th</sup>) with a median house price of \$250,000. The least expensive new houses were in Cumberland and Essex Counties, with median sales prices of \$154,140 and \$142,250, respectively.